



BTA Baltic Insurance Company AAS

PUBLIC QUARTERLY REPORT 3RD QUARTER 2018

This Report is prepared in accordance with the Financial and Capital Market Commission Regulations No. 147 "Regulations on Preparation of Public Quarterly Reports of the Insurers" of 31 August 2016

The Report includes the summarized information
on the Company's activity over the period
from January 1st until September 30th 2018

Company information



Name of the Company	BTA Baltic Insurance Company												
Legal status	Insurance Joint Stock Company												
Number, place and date of registration	40103840140, registered in Riga, Latvia on 28 October 2014												
Address	Sporta 11, Riga, Latvia, LV-1013												
Members of the Board and their positions	Janis Lucaus - Chairman of the Board until 27.04.2018 Oskars Hartmanis - Board member Evija Matveja - Board member Wolfgang Kurt Wilhelm Stockmeyer - Board member Tadeuš Podvorski - Board member from 26.06.2018												
Members of the Council and their positions	Franz Fuchs - Chairman of the Council Elisabeth Stadler - Deputy Chairman of the Council Jan Bogutyn - Member of the Council Artur Borowinski - Member of the Council												
Reporting Period	01.01.2018 – 30.09.2018												
Shareholder structure at the end of reporting period	<table><thead><tr><th>Shareholder</th><th>Number of shares</th><th>% of the share capital</th></tr></thead><tbody><tr><td>VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe</td><td>377 920</td><td>90.83%</td></tr><tr><td>Balcia Insurance SE</td><td>38 174</td><td>9.17%</td></tr><tr><td>Total:</td><td>416 094</td><td>100%</td></tr></tbody></table>	Shareholder	Number of shares	% of the share capital	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	377 920	90.83%	Balcia Insurance SE	38 174	9.17%	Total:	416 094	100%
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VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	377 920	90.83%											
Balcia Insurance SE	38 174	9.17%											
Total:	416 094	100%											
Face value of one share	EUR 100.00												
Subscribed share capital	EUR 41 609 400												
Paid-up share capital	EUR 41 609 400												
Foreign branches	Lithuania, Estonia												

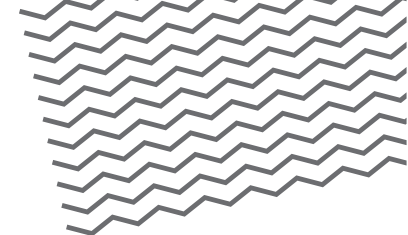
Balance Sheet

Item	At the end of the Reporting Period, EUR	At the end of the Previous Reporting Year, EUR
Tangible assets	2 076 536	1 658 465
Investments in land lots and buildings	3 164 669	3 450 578
Intangible assets	1 939 845	1 777 474
Investments in share capital of related companies	-	-
Investments in share capital of associated companies	700 732	-
Classified as financial assets at fair value through profit and loss	1 786 469	1 755 877
Classified as financial assets at fair value through other comprehensive income	176 593 213	150 655 690
Classified as financial assets at amortized cost	46 243 081	35 420 411
Accrued income and deferred expenses	9 478 653	9 420 287
Tax assets	955 535	234 793
Ceded reinsurance and retrocession contracts	58 611 849	51 248 399
Cash on hand and claims on demand on credit institutions	20 268 875	33 562 493
Total assets	321 819 457	289 184 467
Capital and reserves	52 719 776	53 102 933
Insurance and reinsurance liabilities	241 488 607	209 235 231
Classified as financial liabilities at fair value through profit and loss	-	-
Financial liabilities at amortized cost	22 046 459	22 291 012
Provisions	3 780 870	2 356 187
Tax liabilities	578 015	880 932
Accrued expenses and deferred income	1 205 730	1 318 172
Total liabilities	269 103 731	236 081 534
Total capital and reserves, and liabilities	321 819 457	289 184 467

Income Statement

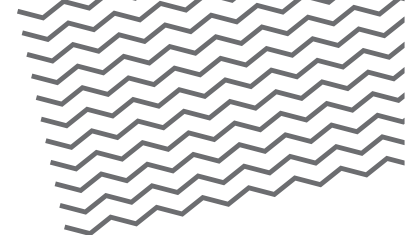
Item	For the Reporting Period, EUR	For the Respective Period of the Previous Reporting Year, EUR
Earned premiums	112 268 960	95 593 813
Other technical income, net	274 877	198 814
Incurred claims, net	(79 844 469)	(65 222 289)
Changes in life insurance technical reserves	-	-
Changes in other technical reserves	-	-
Gratuities, net	-	-
Net operating expenses	(25 628 911)	(24 529 749)
Other technical expenses, net	(429 660)	(103 144)
Changes in equalization reserves	106 693	-
Investment management expenses/income and commission payments	(281 864)	(185 806)
Net interest income and dividend income	1 196 290	607 025
Net profit/loss from derecognition of the financial assets and financial liabilities not classified at fair value through profit and loss	88 615	414 035
Net profit/loss from the financial assets and financial liabilities classified at fair value through profit and loss	(6 392)	73 862
Revaluation result of foreign currencies	(26 210)	(153 189)
Profit/loss from derecognition of tangible assets, investments in buildings for ensuring own activities, investments in property and intangible assets	571 138	-
Depreciation	(965 702)	(772 871)
Impairment losses	-	-
Negative goodwill	-	-
Net profit/loss from investments in subsidiaries and participations recognized using equity method	-	-
Profit/loss for the reporting period before profit tax	7 323 365	5 920 500
Profit tax	-	-
Profit/loss for the reporting period before taxes	7 323 365	5 920 500
Other comprehensive income	(967 599)	584 851

Gross Written Premiums, Gross Claims paid and Net operating expenses by type of insurance, EUR



	Gross Premiums Written			Gross Claims Paid			Net operating expenses
	Total	for agreements signed in Latvia		Total	for agreements signed in Latvia		
			incl. agreements signed with private persons			incl. agreements signed with private persons	
Non-life insurance	156 645 540	59 123 964	16 377 680	88 683 394	43 266 214	13 525 920	26 594 613
Accident insurance	3 436 718	1 484 460	744 249	1 326 189	536 484	255 578	858 789
Health Insurance	20 156 735	18 483 539	32 326	12 154 081	10 902 806	24 890	2 944 580
Motor vehicle insurance (other than railway)	36 836 101	12 437 174	5 464 082	21 899 118	9 146 451	4 204 432	9 611 199
Railway transport insurance	297 781	42 566	-	25 213	10 096	-	48 091
Aircraft insurance	123 499	10 266	-	1 766	-	-	13 356
Vessel insurance	1 632 542	1 283 743	9 482	1 290 896	1 212 060	-	(182 895)
Cargo insurance	1 134 077	781 870	-	707 140	575 157	-	231 954
Property insurance against fire and natural disaster damages and other risks	16 372 608	6 873 178	2 960 033	8 157 430	3 344 992	973 822	4 534 664
Civil liability insurance of motor vehicle owners	46 455 505	14 012	-	21 526 855	3	-	2 818 363
Civil liability insurance of aircraft owners	164 840	23 805	3 511	3 685	-	-	17 144
Civil liability insurance of vessel owners	73 808	10 148	1 809	1 846	-	-	(7 923)
General civil liability insurance	6 211 667	1 498 177	299 339	1 975 894	341 547	53 815	1 548 977
Loan insurance	173 419	173 419	-	342 210	342 210	-	8 143
Guarantee insurance	5 400 016	2 030 819	275	4 874 568	3 699 662	-	613 872
Insurance of various financial losses	415 026	183 084	70	533	450	-	99 265
Insurance of legal expenses	22 391	22 391	9 683	261	261	-	3 797
Assistance insurance	5 625 987	1 658 492	1 318 980	1 567 920	326 246	253 283	2 298 079
Compulsory civil liability insurance of motor vehicle owners	12 112 821	12 112 821	5 533 841	12 827 789	12 827 789	7 760 100	1 135 156

Ratio by Type of Insurance



Item	Total in reporting period	Type of Insurance																	
		Accident insurance	Health Insurance	Motor vehicle insurance (other than railway)	Railway transport insurance	Aircraft insurance	Vessel insurance	Cargo insurance	Property insurance against fire and natural disaster damages and other risks	Civil liability insurance of motor vehicle owners	Civil liability insurance of aircraft owners	Civil liability insurance of vessel owners	General civil liability insurance	Loan insurance	Guarantee insurance	Insurance of various financial losses	Insurance of legal expenses	Assistance insurance	Compulsory civil liability insurance of motor vehicle owners
Loss ratio (%)	71.12	45.03	76.36	62.93	575.39	97.65	256.56	221.24	74.96	74.60	8.33	56.04	52.89	(138.96)	71.48	(19.00)	(3.76)	33.41	110.42
Expense ratio (%)	24.07	27.55	18.06	27.67	24.52	25.54	(144.17)	26.06	32.19	14.44	27.49	(119.22)	28.00	13.97	20.34	30.34	18.63	42.10	18.35
Combined ratio (%)	95.19	72.58	94.42	90.60	599.91	123.19	112.39	247.30	107.15	89.04	35.82	(63.18)	80.89	(124.99)	91.82	11.34	14.87	75.51	128.77



Insurer's Own Funds and Solvency Capital Requirement calculation, EUR

No.	Item	In reporting period
1	Basic own funds before deduction	53 995 476
2	Deductions for participations in financial and credit institutions	-
3	Total basic own funds after deductions (1-2.)	53 995 476
4	Total ancillary own funds	-
5	Available and eligible own funds	53 995 476
5.1.	Total available own funds to meet the Solvency Capital requirements	53 995 476
5.2.	Total available own funds to meet the Minimum Capital requirements	53 995 476
5.3.	Total eligible own funds to meet the Solvency Capital requirements	53 995 476
5.4.	Total eligible own funds to meet the Minimum Capital requirements	53 995 476
6	Solvency Capital requirements	45 558 319
7	Minimum Capital requirements	20 501 244
8	Ratio of Eligible own funds to Solvency Capital requirements	119%
9	Ratio of Eligible own funds to Minimum Capital requirements	263%



Key Cooperation Partners

Reinsurers

Reinsurer	Reinsurer's Rating	Rating Agency	Place (Country) of Registration of the Reinsurer
VIG RE ZAJISTOVNA, A.S.	A+	Standard & Poor's	Czech Republic
SWISS RE EUROPE S.A.	AA-	Standard & Poor's	Luxembourg
R+V VERSICHERUNG AG	AA-	Standard & Poor's	Germany
SCOR GLOBAL P&C SE	AA-	Standard & Poor's	France
HANNOVER RÜCK SE	AA-	Standard & Poor's	Germany

Insurance and Reinsurance Brokerage Companies

Brokerage Company	Service	Place (Country) of Registration
AON Benfield	Reinsurance mediation	Germany
Guy Carpenter	Reinsurance mediation	Great Britain



Operational Strategy and Objectives

Despite the fierce competition in the Baltic market, the Company discerns a high growth potential in several types of insurance, voluntary insurance in particular.

Proceeding with improvement of its insurance products and customer service, the Company plans to increase the volume of operations in 2018 in the Baltic States, achieving more than 15 % growth in gross written insurance premiums total for the Baltic region. The Company senses the greatest growth opportunities in Estonia and Latvia, where the increase in gross written insurance premiums is expected to be above 25 % respectively compared to the year 2017. Given the current insurance portfolio volume and market situation in Lithuania, the Company expects the growth in that country to slow down in comparison to 2017.

The Company plans to strengthen its insurance portfolio, proceeding with its diversification and reducing the share of MTPL insurance type. The Company sets higher goals in voluntary insurance types, such as property insurance, CASCO insurance and assistance insurance.

Meanwhile the Company is going to proceed with the started initiatives on improvement of processes and management efficiency in all realms of operations, which includes improvement of private and corporate customer service standards and developing online sales.

The Company will further sustain its quick and high-quality decision-making, with a particular focus on improvement of insurance claims handling processes. The Company's Board is going to enable the professional development of its staff, meanwhile keeping on with improvement of its insurances products, increasing their quality, thus maintaining and improving the Company's long-term capacity to operate at profit.

On the behalf of the Company's Board, we hereby thank our employees, our clients and our cooperation partners for the work accomplished aimed at meeting our common goals – thank you for your loyalty and trust!

Departments and Branches of the Company

Customer service locations that offer BTA insurance services in Latvia:
<https://www.bta.lv/en/contacts/customer-service-centres>

Foreign branches:

Estonia - <https://www.bta.ee/>

Lithuania - <https://www.bta.lt/>